

Fiscal State of the Union

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The reelection campaign of President Obama began last week with the delivery of his State of the Union address. Battered by the wholesale rejection of his domestic policy agenda in the Massachusetts Senate election, the president shifted into 2012 mode. They say in Washington “good policy makes good politics.” Unfortunately, in the president’s 70 minute speech, I heard too much of the latter and not enough of the former.

The president’s priorities continue to be out of step with the American people. He’s been in office for a year, and the Democrats have controlled Congress since 2006, yet, he went out of his way to blame the previous administration. We must, as he said, move beyond partisan politics to fix the economy and tackle the deficit and debt. It’s tired, and the American people are tired of it.

I was encouraged to hear the president talk about the economy and commit to focusing on job creation, but I believe he still missed the mark. He should have focused more of his speech on the economy and included more pro-growth economic solutions for small businesses rather than try to be all things to all people with a laundry list of disparate ideas.

Ask your neighbor if they agree with the president's proclamation that the economy has turned the corner. I doubt they will. As long as unemployment remains above 10 percent (and the true percentage of unemployed Americans, which includes those who can only find part time work and those who have given up looking altogether, exceeds 17 percent) this recession and the pain it brings will continue. Americans continue to ask, where are the jobs?

Unfortunately, given this administration's track record of budget increases and wild deficit spending, the president's proposed spending freeze the equivalent of spitting into a hurricane.

The president's spending freeze only applies to 17 percent, or one-sixth, of the federal budget and will freeze spending at the bloated levels of the last few years. In fact, the accounts the freeze would apply to were inflated by twenty percent last year alone. While his announced "freeze" looks good, a closer examination reveals how toothless it is.

Since the president has taken office the federal government has had the greatest increase

annual spending in more than three decades and federal spending now accounts for nearly a quarter of the entire U.S. economy. A healthy economy is driven by private sector growth, not unsustainable government spending.

No doubt, the president inherited an economy already mired in a deep recession with high unemployment, but the administration's reckless spending through bailouts and stimulus giveaways has not materialized into economic growth or lowered unemployment. In fact, the day before the president delivered his State of the Union address the Congressional Budget Office (the official scorekeeper for the cost of legislation) revised the expense of the stimulus bill upwards another \$75 billion, to \$862 billion, because jobs it was expected to create never materialized.

If the president were serious about a spending freeze he wouldn't propose a plan that only applies to a fraction the federal budget and he wouldn't propose it while simultaneously proposing a panoply of new spending programs without a way to pay for them.

My Republican colleagues and I have better solutions. We should lower the tax burden on the job creators and I support lowering tax rates for small businesses. The president's proposed tax credit for small businesses to hire workers is a poor policy choice. As a small business owner I know first-hand that a permanent cut in tax rates would have a stronger long-term effect than the temporary wage subsidies he's proposed.

I also strongly support a federal balanced budget amendment that would require Congress to act responsibly and make the difficult choices that every family and state legislatures across the country have to make. If the president is serious about reducing the annual deficit he should take up the fight for a balanced budget amendment.

It struck me that instead of heeding Americans' rejection of his overreaching and misguided domestic policy agenda, the president doubled down on the same policies. He took responsibility for poorly communicating but he should have taken responsibility for pushing an agenda Americans reject.

The president may have reiterated his campaign message of "change" last Wednesday night, but his State of the Union address was just more of the same.